

Insurance and Financial Services

PUBLIC 517 **An Act To Ensure Women's Health Care Coverage for All Maine** **LD 1353**
EMERGENCY **Women**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON J EDMONDS	OTP-AM	H-648

Public Law 2003, chapter 517 extends the application of certain mandated health insurance benefits to Maine residents covered by certificates that are issued by an out-of-state group health plan. These mandated benefits are coverage for newborns from the moment of birth, coverage for screening Pap tests, coverage for a self-referred annual gynecological exam and coverage for diabetic equipment and supplies. The law applies to all policies, contracts and certificates issued or renewed on or after July 1, 2004.

Public Law 2003, chapter 517 also clarifies the application of currently mandated benefits to certificates.

Public Law 2003, chapter 517 was enacted as an emergency measure effective February 19, 2004.

PUBLIC 528 **An Act To Clarify Membership on Boards of Directors for Maine** **LD 1717**
EMERGENCY **Financial Institutions**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO PINGREE	OTP-AM	S-376

Public Law 2003, chapter 528 makes requirements for membership on boards of directors of Maine financial institutions consistent with membership requirements in the Maine Business Corporation Act. The law removes the requirement that a member of the board of directors of a financial institution be a resident of the financial institution's geographic area. The law also clarifies that boards of financial institutions must be managed and operated as permitted under chapter 8 of the Maine Business Corporation Act.

Public Law 2003, chapter 528 was enacted as an emergency measure effective March 3, 2004.

PUBLIC 543 **An Act To Amend the Maine Consumer Credit Code Regarding** **LD 1638**
EMERGENCY **Balloon Payments**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN	OTP-AM	H-706 O'NEIL S-378

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Public Law 2003, chapter 543 clarifies that a motor vehicle lease or loan is not subject to the 4-year minimum term for consumer credit transactions with balloon payments if the lease or loan gives consumers the right to refinance the final payment or transfer the motor vehicle back to the creditor in lieu of the final payment.

Public Law 2003, chapter 543 was enacted as an emergency measure effective March 10, 2004.

PUBLIC 568 An Act To Permit the Photocopying of Driver's Licenses in LD 1802
EMERGENCY Financial Transactions

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BOWLES	OTP-AM MAJ	H-683
DAVIS P	OTP-AM MIN	

Public Law 2003, chapter 568 authorizes a person to make a photocopy of a driver's license without the written consent of the Secretary of State if the photocopy is made solely for identification purposes to consummate a financial transaction, for verification that a commercial driver's license has been issued or for motor vehicle loaner and demonstration purposes. The law also restricts the further disclosure of the photocopy unless permitted by another applicable law.

Public Law 2003, chapter 568 was enacted as an emergency measure effective March 24, 2004.

PUBLIC 586 An Act To Conform to Federal Law Regarding Electronically LD 1854
EMERGENCY Printed Credit and Debit Card Receipts and To Delay Enforcement
of Civil Penalties

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAVIS P	OTP-AM	S-420
O'BRIEN J		

Public Law 2003, chapter 586 brings current law into conformity with recent changes made to the federal Fair Credit Reporting Act regarding the prohibition on printing more than the last 5 numbers of a credit card or debit card and on printing the account's expiration date. The law also delays any assessment of civil penalties for a person who is not in compliance with the law until January 1, 2005.

Public Law 2003, chapter 586 was enacted as an emergency measure effective March 30, 2004.

PUBLIC 636 An Act To Govern and Regulate Life Settlements LD 1907

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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL MAYO	OTP-AM	H-796 H-849 O'NEIL

Maine law currently permits the use of viatical settlements but does not permit life settlements. While both settlements involve the sale of a life insurance policy or certificate for consideration, viatical settlements may be entered into only when the insured is either chronically or terminally ill, whereas, under a life settlement contract, these criteria need not be present. Public Law 2003, chapter 636 amends Maine's current law on viatical settlement contracts to expressly permit life settlement contracts in accordance with requirements similar to those applicable to viatical settlements. The law also makes other statutory changes that are consistent with the most recently adopted National Association of Insurance Commissioners Viatical Settlements Model Act.

PUBLIC 654 An Act To Implement the Recommendations of the Committee To LD 1910
Study the Revenue Sources of the Office of Consumer Credit
Regulation

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	S-488

Public Law 2003, chapter 654 requires the Director of the Office of Consumer Credit Regulation within the Department of Professional and Financial Regulation to reduce the volume fee for mortgage lenders by \$5 per \$100,000 of debt for the current year if the surplus in the dedicated fund balance for the Office of Consumer Credit Regulation as of October 1st of the preceding calendar year exceeds 125% of the office's annual budget for operating expenses.

The law also directs the Office of Consumer Credit Regulation to review its licensing and registration fees and make recommendations to the Legislature by January 5, 2005 as to how to assess those fees in an equitable manner.

PUBLIC 671 An Act To Amend the Laws Relating to Property and Casualty LD 1853
Insurance and To Authorize the Superintendent of Insurance To
Establish a Mandatory Market Assistance Program

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT PERRY A	OTP-AM	H-908 O'NEIL S-489

Public Law 2003, chapter 671 amends the laws relating to property and casualty insurance.

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Part A of the law does the following.

1. It requires the Superintendent of Insurance to act on property and casualty insurance rate filings made electronically within 30 days and to approve or disapprove policy form filings made electronically within 30 days for lines of insurance other than life or health insurance or annuity products.
2. It clarifies the current law that permits the cancellation of homeowner's insurance on the basis of fraud or material misrepresentation by the named insured or the insured's representative.
3. It adds new grounds for the cancellation of homeowner's insurance, including the presence of a trampoline, the presence of a swimming pool not properly fenced in, a loss occasioned by a dog bite and the fact that a property is vacant without adequate custodial care.
4. It requires insurers to provide at least 90 days' notice to the named insured to comply with reasonable loss control recommendations before a cancellation notice or notice of nonremoval may be issued.
5. It amends the hearing section of the Maine Property Insurance Cancellation and Control Act to clarify legislative intent that a reason for nonrenewal must be related to the insurability of the property. The law strikes the word "rationally" in response to a recent Law Court decision, *York Ins. Co. of Maine, Inc. v. Supt. of Ins.*, 2004 ME 45 (April 7, 2004) to clarify the appropriate standard to apply in determining whether an insurance company's decision to nonrenew a homeowners insurance is a good faith reason and related to the insurability of the property if the reason for nonrenewal is not a statutorily permissible ground for cancellation. The law also clarifies that a statement from the insurer that a risk does not meet the insurer's underwriting guidelines alone is not considered proof or evidence of its reason for nonrenewal in a hearing before the Superintendent of Insurance.
6. It prohibits an insurer from canceling or refusing to issue or renew a property insurance policy solely on the basis of the age of a dwelling.
7. It prohibits an insurer from declining to insure a property on the basis that a previous owner of the property submitted claims for losses to the property.
8. It prohibits insurers from increasing the stated value of a property at any time other than renewal. At least 30 days before the renewal date of the policy, the law requires that insurers provide notice to the insured explaining the reason for any increase in premium associated with an increase in stated value and disclose how an insured may obtain additional information concerning the reasons for the increase in stated value.
9. It makes technical changes to the laws governing worker's compensation group self-insurance reinsurance accounts related to the legal and tax status of the account.

Part B of Public Law 2003, chapter 671 the law authorizes the Superintendent of Insurance to establish a mandatory property and casualty insurance market assistance program to provide basic property and casualty insurance to underserved areas or risk types in the State. Prior to establishing the program, the Superintendent must establish a voluntary market assistance plan pursuant to law and find that either the number of insurers participating in the voluntary market assistance plan is insufficient or that a sufficient number of risks has not been written through the voluntary market assistance plan. If a mandatory program is established, any insurer

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authorized and actually writing basic property and casualty insurance in the State must participate as a member of the program.

PUBLIC 680 An Act To Join the Interstate Insurance Product Regulation Compact LD 1698

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN	OTP-AM	S-389
O'NEIL		S-565 CATHCART

Public Law 2003, chapter 680 authorizes the State of Maine's membership in the Multi-state Insurance Product Regulation Compact. The law establishes the Compact to facilitate the regulation of individual and group annuity, life, disability income and long-term care insurance products. Under the Compact, the compacting states will establish a joint public agency, the Interstate Insurance Product Regulation Commission, to develop uniform standards for insurance products and to provide a single-point entry for filing of insurance products and rates.

RESOLVE 120 Resolve, Regarding Legislative Review of Portions of Chapter 850: Health Plan Accountability, a Major Substantive Rule of the Bureau of Insurance LD 1859
EMERGENCY

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP	

Resolve 2003, chapter 120 authorizes final adoption of portions of Chapter 850: Health Plan Accountability, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

Resolve 2003, chapter 120 was enacted as an emergency measure effective April 6, 2004.

RESOLVE 131 Resolve, Regarding Legislative Review of Chapter 755: Health Insurance Classifications, Disclosure and Minimum Standards, a Major Substantive Rule of the Department of Professional and Financial Regulation, Bureau of Insurance LD 1865
EMERGENCY

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-797

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Resolve 2003, chapter 131 provides for legislative approval of Chapter 755: Health Insurance Classifications, Disclosure and Minimum Standards, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

The resolve authorizes final adoption of the rule provided that these specified changes are made.

1. With regard to the definition of preexisting condition exclusion, the look-back period is changed from 12 months to 24 months.
2. With regard to prohibited policy provisions, language is added to clarify that the section is not intended to restrict the use of elimination periods for disability income benefits.
3. With regard to minimum standards for health insurance benefits generally, language is added to permit an insurer to void or contest a policy or deny claims for a sickness first manifested before the effective date of the policy that was fraudulently not disclosed or fraudulently misrepresented in an application for coverage.
4. With regard to minimum standards for health insurance benefits generally, the maximum time period between the date of an accident and the date of loss is shortened from 180 days to 90 days for accidental death and dismemberment benefits and from 90 days to 30 days for disability coverage.
5. With regard to minimum standards for individual disability income protection coverage, the maximum elimination period is changed from 365 days to 730 days in cases of coverage having a benefit period of more than 2 years, and the shortest permissible maximum benefit period is changed from 6 months to 3 months.
6. With regard to specified disease coverage, language is added to provide an exception for lump-sum benefits based on diagnosis of a specified disease.
7. With regard to specified disease coverage, language is added to permit the Superintendent of Insurance to approve different minimum benefits for cancer coverage on an expense-incurred basis or a per diem indemnity basis if the superintendent determines that the minimum benefits are in the interest of the consumer.

Resolve 2003, chapter 131 was enacted as an emergency measure effective April 14, 2004.